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The Director of Central Intelligence  
Washington, D.C. 20505

National Intelligence Council

NIC NO. 01569-86  
26 March 1986

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: George Kolt  
National Intelligence Officer for Europe

SUBJECT: Possible Discussion Item for Your Meetings with  
NSC Officials on US-Portuguese Relations in the  
Aftermath of the Portuguese Presidential Election

1. The election of the pro-US Mario Soares as President of Portugal should not divert our attention from other trends that continue to pose potential threats to US interests.

- As impressive as Soares' victory was, it could not resolve the institutional difficulties that Portugal is experiencing.
- Under the division of powers written into the Constitution, the President and the Prime Minister both have important roles to play. Yet the country continues to be ruled by a minority government headed by a political foe of the President. In a way this resembles the Eanes-Soares rivalry when they were respectively President and Prime Minister. The big difference is that Soares headed a majority government resting on a strong Socialist party that dominated the other three main parties.
- Now there are five parties. Although the recently founded Democratic Renewal Party suffered reverses in both the Presidential balloting and the December communal elections, Eanes is still intent on establishing it as a new force in Portuguese politics. The other parties are the Communists, the Socialists who must find a new leader to replace Soares, Prime Minister Cavaco Silva's Social Democrats, and the right-wing Social Democratic Center Party--the party of defeated Presidential candidate and Silva ally Freitas do Amaral.

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- In the first round of the Presidential election, the strength of the five major parties mirrored their current alignment in Parliament, with each party controlling between 15 and 25 percent of the vote. If this situation continues, it will remain difficult to form stable governing alliances and Portugal might continue to be ruled by minority governments.
- Soares' powers as President, moreover, are constitutionally limited, and he does not enjoy the "above-the-fray" image of former President Eanes. Moreover, the personal animosity that exists between Soares and Prime Minister Cavaco Silva is likely to lead to conflicts that could spill over into the foreign policy arena.

2. The fragmentation of parties and the continuation of institutional rivalries described above could well have a negative impact on US interests. The Portuguese are already dragging their feet on issues of special concern to the US and are becoming more demanding in other areas as well.

- Geodss (Ground Electro-Optic Deep Space Surveillance). The Portuguese are using questions about the tax exempt status of the program to continue to stall on construction of a Geodss satellite tracking station. Cavaco Silva recently sounded an even more ominous note when he told our Ambassador that the US and Portugal are "far apart" on the issue and that Geodss--as he understood it--was never a part of the Lajes base agreement.
- Security Assistance. Part of the government's recent footdragging on issues of concern to the US are a result of Lisbon's pique over cuts in US security assistance to Portugal. Government officials have been emphatic in their view that promises of a "best effort" under the Lajes base agreement committed the US to a rising trend in security assistance levels, and that the US has failed to honor this commitment. They have been broadly hinting that the extent of future military cooperation with the US will depend on the level of US security assistance.
- Textiles. The Portuguese have been pressing vigorously for an exemption from US import restrictions on textiles (i.e., by including Portugal in the US-EC Gentleman's Agreement), and they have let it be known that they will consider the US response on the issue as a "litmus test" of US-Portuguese friendship. The issue has not yet spilled over into areas of strategic concern to the US, but it could well affect Portugal's disposition toward US requests and become a bone of contention in future base negotiations (as in the case of Turkey).

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- The Frigate Program. The on again, off again frigate program now appears to be moving forward, but the government has underscored its reservations about the cost and made clear that it considers the program a significant sacrifice on its part to larger NATO interests. The Portuguese are scheduled to work out the final details on the German shipbuilding contract by the end of March; however, they are still pressing for supply and/or financing of the equipment by the Dutch.

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- It will be especially important, for example, for the US to avoid giving the impression that it would prefer dealing with Soares rather than the government on key foreign policy issues.

  
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25 March 1986

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: George Kolt  
National Intelligence Officer for Europe

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